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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte BEA CALO and WILLIAM JOHNSON

Appeal 2010-011726
Application 09/769,036
Technology Center 3600

Before HUBERT C. LORIN, ANTON W. FETTING, and JOSEPH A. FISCHETTI, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Bea Calo, et al. (Appellants) seek our review under 35 U.S.C. § 134 (2002) of the final rejection of claims 3, 4, 6, 7, 11-13, 21, 22, 24-26, 29, and 46. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION

We AFFIRM.[1]

THE INVENTION

Claim 3, reproduced below, is illustrative of the subject matter on appeal.

> 3. A computerized system for trading securities and commodities, comprising:
>
> a computerized introducing affiliate in a first country suitable for accepting a transaction order from a customer and transmitting said transaction order electronically, said transaction order being for the handling of a security or commodity;
>
> an exchange on which said security or commodity is traded;
>
> a computerized executing affiliate in a second country suitable for electronically receiving said transaction order and executing said transaction order on the exchange; and
>
> a global hub connected between said introducing affiliate and said executing affiliate, wherein said global hub electronically routes said transaction order from said introducing affiliate to said executing affiliate,

[1] Our decision will make reference to the Appellants' Appeal Brief ("App. Br.," filed Feb. 22, 2010) and Reply Brief ("Reply Br.," filed Jul. 26, 2010), and the Examiner's Answer ("Ans.," mailed May 26, 2010).

wherein said transaction order is to sell an equity, and said executing affiliate electronically transmits proceeds from said sale of said equity to said introducing affiliate via the global hub;

wherein, as a result of detecting a corporate action pertaining to one or more open transaction orders, the computerized executing affiliate transfers one or more messages to the global hub, said messages containing information pertaining to said open transaction orders affected by the corporate action;

wherein, as a result of receiving said messages, the global hub forwards at least one of the messages to the computerized introducing affiliate, said at least one of the messages contains information pertaining to open transaction orders placed by said introducing affiliate.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Wagner	US 5,424,938	Jun. 13, 1995
Minton	US 6,014,643	Jan. 11, 2000
Hawkins	US 6,029,146	Feb. 22, 2000
Chichilnisky	US 2002/0032642 A1	Mar. 14, 2002
Harada	US 2003/0208440 A1	Nov. 6, 2003

The following rejections are before us for review:

1. Claims 3, 4, 6, 7, 11, 13, 26, 29, and 46 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Wagner, Hawkins, Minton, and Chichilnisky.
2. Claim 12 is rejected under 35 U.S.C. § 103(a) as being unpatentable over Wagner, Hawkins, Harada, Minton, and Chichilnisky.

3. Claims 21, 22, 24, and 25 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Hawkins, Harada, Minton, and Chichilnisky.

ISSUES

Did the Examiner err in rejecting the claims as unpatentable over the cited prior art combination? Specifically, would it have been obvious to one of ordinary skill in the art given the cited prior art combination to provide for a system as claimed wherein corporate action and messages containing information pertaining to open transaction orders are involved?

ANALYSIS

The rejection of claims 3, 4, 6, 7, 11, 13, 26, 29, and 46 under 35 U.S.C. § 103(a) as being unpatentable over Wagner, Hawkins, Minton, and Chichilnisky.

The Appellants argued claims 3, 4, 6, 7, 11, 13, 26, 29, and 46 as a group (App. Br. 15-17). We select claim 3 as the representative claim for this group, and the remaining claims 4, 6, 7, 11, 13, 26, 29, and 46 stand or fall with claim 3. 37 C.F.R. § 41.37(c)(1)(vii) (2011).

Claim 3 is drawn to an apparatus, specifically a computerized system for trading securities and commodities. The system as claimed comprises four elements: (a) a computerized introducing affiliate; (b) an exchange; (c) a computerized executing affiliate; and (d) a global hub. Each of these elements, per the claim, have particular functions. In the case of the computerized introducing affiliate (a), its function is to accept a transaction order to sell a security and transmit it electronically. In the case of the

computerized executing affiliate (c), its function is to electronically receive the transaction and execute it on the exchange (b) so that proceeds from the sale of the equity are transmitted to the introducing affiliate via the global hub (d). The global hub's purpose is to connect the two affiliates (a) and (c). It is the Examiner's position that the Wagner and Hawkins disclosures are such that the combination teaches this system. Ans. 4. The Appellants have not challenged this conclusion in their briefs. Accordingly, we take as accepted that the combination of Wagner and Hawkins would have led one of ordinary skill in the art to a system comprising the four elements (a) – (d) as claimed.

We now turn to the remaining limitations in claim 3. They are:

> wherein, as a result of detecting a corporate action pertaining to one or more open transaction orders, the computerized executing affiliate transfers one or more messages to the global hub, said messages containing information pertaining to said open transaction orders affected by the corporate action;
>
> wherein, as a result of receiving said messages, the global hub forwards at least one of the messages to the computerized introducing affiliate, said at least one of the messages contains information pertaining to open transaction orders placed by said introducing affiliate.

The Examiner appears to concede that the combination of Wagner and Hawkins does not teach these limitations. Ans. 4. To overcome this, the Examiner relies on Chichilnisky and Minton.

Chichilnisky (paras. [0021], [0054]-[0061], [0087], [0104]-[0105], and [0131]) is relied upon for its alleged teaching of detecting a corporate action pertaining to *portfolios*, providing for a computerized executing

affiliate transferring one or more messages to the global hub, said messages containing information pertaining to said *portfolios* affected by the corporate action, and, as a result of receiving said messages, providing for the global hub to forward at least one of the messages to the computerized introducing affiliate, said at least one of the messages contains information pertaining to *portfolios* placed by said introducing affiliate. Ans. 4. The Appellants have not disputed the Examiner's characterization of the scope and content of Chichilnisky. Accordingly, we take it as accepted.

Minton (col. 11, ll. 20-25) is relied upon for its alleged disclosure of the "concept of detecting a corporate action (dividend payout) pertaining to limit order" (Ans. 4). Presumably, Minton is relied upon to show that corporate actions pertaining to *open transactions* (e.g., limit orders) were known, which specifically addresses the limitation in the claim wherein corporate action and messages containing information pertain to *open transaction orders*. Chichilnisky, by contrast, is alleged to pertain to *portfolios*. The Appellants have not disputed the Examiner's characterization of the scope and content of Minton. Accordingly, we take it as accepted.

Given these disclosures, the Examiner concludes that it would have been obvious to one of ordinary skill in the art to modify the system of the combination of Wagner and Hawkins to include the features of Minton. Ans. 5. The apparent reason for combining the references is said to be: "alerting the introducing affiliate of the corporate action so that appropriate action can be taken by the introducing affiliate on detecting such corporate action." Ans. 5.

The Appellants challenge to the prima facie case of obviousness on the ground that Chichilnisky involves corporate action and information pertaining to *portfolios* and not *open transaction orders* as claimed. "No disclosure of any element that transfers one or more messages containing information pertaining to an open transaction order affected by a corporate action as a result of detecting the corporate action can be found." App. Br. 15. "Chichilnisky fails to disclose any element that forwards at least one message containing information pertaining to an open transaction order placed by the element as a result of receiving the message." App. Br. 16. "Chichilnisky discloses reporting updates on **portfolios** for corporate action events. (Chichilnisky ¶ 0104)." App. Br. 16. *See also* the Reply Brief at 3: "Chichilnisky discloses that such voluntary offers are corporate actions, which are distinct from transaction orders."

This argument does not persuade us as to error in the rejection.

Claim 3 sets forth a condition and a step to be performed by the computerized executing element (c) of the claimed system when that condition occurs; that is, "as a result of detecting a corporate action ... the computerized executing affiliate transfers one or more message to the global hub" (claim 3). Chichilnisky is alleged to disclose corporate action and a computerized executing affiliate sending one or more messages as a result. This is not in dispute. *See* discussion above. As this is an apparatus claim and not a method claim, the distinction over Chichilnisky must lie in the structure of the apparatus and in particular the computerized executing element (c) which effects the sending of the one or more messages as a result of the corporate action. None has been shown and we see none,

notwithstanding that the corporate actions involve different subjects (portfolios in the case of Chichilnisky versus open transaction orders in the case of claim 3). Both the claimed system and that of Chichilnisky function so as to send the one or more messages as a result of corporate action. Absent evidence to the contrary, of which none has been provided, we can find no unobvious structural distinction in the claimed system over that of Chichilnisky "as a result of detecting a corporate action ... the computerized executing affiliate transfers one or more message to the global hub" (claim 3). *Cf. In re Schreiber*, 128 F.3d 1473, 1477-78 (Fed. Cir. 1997) (functional language does not confer patentability if prior art structure has capability of functioning in the same manner).

As to the difference between messages containing information pertaining to one or more open transaction orders (claim 3) and messages containing information pertaining to portfolios (Chichilnisky), we do not find that difference in informational content carries patentable weight. The matter to which the information contained in the messages pertain is a matter of nonfunctional descriptive material. Patentable weight need not be given to descriptive material absent a new and unobvious functional relationship between the descriptive material and the substrate. *See In re Lowry*, 32 F.3d 1579, 1582-83 (Fed. Cir. 1994); *In re Ngai*, 367 F.3d 1336, 1339 (Fed. Cir. 2004). In that regard, we have not been shown, nor do we see any, new and unobvious functional relationship between the one or more open transaction orders contained in the messages and any element of the system claimed.

For the foregoing reasons, the argument challenging the prima facie case of obviousness is not persuasive as to error in the rejection of claim 3.

There being no other arguments and no objective evidence of nonobviousness for our consideration, the rejection of claim 3 is sustained. Because the remaining claims 4, 6, 7, 11, 13, 26, 29, and 46 stand or fall with claim 3, their rejection as being unpatentable over the cited prior art combination is also sustained.

The rejection of claim 12 under 35 U.S.C. § 103(a) as being unpatentable over Wagner, Hawkins, Harada, Minton, and Chichilnisky.

The Appellants rely on the argument made against the rejection of claims 3, 4, 6, 7, 11, 13, 26, 29, and 46 in challenging the rejection of claim 12. *See* App. Br. 18. For the reasons discussed above with respect to the rejection of claims 3, 4, 6, 7, 11, 13, 26, 29, and 46, we are not persuaded as to error in the rejection.

The rejection of claims 21, 22, 24, and 25 under 35 U.S.C. § 103(a) as being unpatentable over Hawkins, Harada, Minton, and Chichilnisky.

The Appellants rely on the argument made against the rejection of claims 3, 4, 6, 7, 11, 13, 26, 29, and 46 in challenging the rejection of claim 12. *See* App. Br. 18. For the reasons discussed above with respect to the rejection of claims 3, 4, 6, 7, 11, 13, 26, 29, and 46, we are not persuaded as to error in the rejection.

CONCLUSIONS

The rejections of claims 3, 4, 6, 7, 11, 13, 26, 29, and 46 under 35 U.S.C. § 103(a) as being unpatentable over Wagner, Hawkins, Minton, and

Chichilnisky; claim 12 under 35 U.S.C. § 103(a) as being unpatentable over Wagner, Hawkins, Harada, Minton, and Chichilnisky; and, claims 21, 22, 24, and 25 under 35 U.S.C. § 103(a) as being unpatentable over Hawkins, Harada, Minton, and Chichilnisky, are affirmed.

DECISION

The decision of the Examiner to reject claims 3, 4, 6, 7, 11-13, 21, 22, 24-26, 29, 46 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED

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